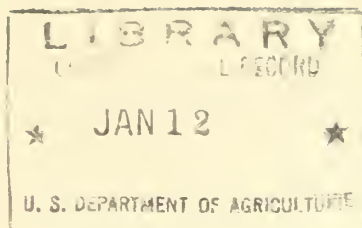


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December 1960



notes on the AGRICULTURAL ECONOMIES OF THE FAR EAST

V Asian Communist Countries

Foreign Agricultural Service

UNITED STATES DEPARTMENT OF AGRICULTURE

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1/ Figures used refer to areas over which Communist China has direct control. These include all the Mainland, Manchuria, Sinkiang and Tibet but exclude Outer Mongolia.

This is the fifth in a series of 5 publications dealing with the agricultural economies of the Far Eastern area. These 5 publications deal with the following sub-regions.

- I Northeast Asia
- II South Asia
- III Southeast Asia
- IV Oceania
- V Asian Communist Countries

Prepared by Far East Analysis Branch

X NOTES ON THE AGRICULTURAL ECONOMIES OF THE FAR EAST ,

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" " "

COMMUNIST CHINA

POPULATION

Total - A 1953 census enumeration estimated the midyear population at 582.6 million. Midyear 1960 population is officially quoted as being over 650 million.

Rural - 86.2 percent in 1953, probably a slightly lower percentage in 1960 reflecting a shift from agriculture to industry.

Annual rate of growth - 2.0 to 2.2 percent.

Density - The population density varies greatly. The western mountains and arid areas are sparsely settled whereas the eastern and southern one-third of the country supports approximately 95 percent of the population and has some of the most densely populated areas in the world.

ECONOMIC SETTING

China's agriculture operates within an overall economic and political framework which puts primary emphasis on building heavy industry. The required economic resources for industrial construction are being drawn mainly from the rural areas. Industry is the dynamic sector of the economy. Agriculture suffers because insufficient capital is being invested in those industries that produce farm supplies and equipment. Industrial growth has been rapid, whereas the economic base-agriculture, being forced to rely largely on labor-intensive programs, has been lagging. This lag has caused periodic shortages of food and fiber that create serious economic imbalances throughout the economy.

Gold and foreign exchange holdings - This type of information is treated as confidential by the government. However, it is not believed that holdings are large.

Trade balances - Announced policy is to keep total foreign trade in balance and success is claimed.

Economic assistance - The Soviet Union and the other more advanced European Communist countries have furnished China essential material assistance in the form of numerous complete factory installations. Of possibly

even greater significance has been the sharing of technical knowledge and the technical training given Chinese personnel by other members of the Bloc. These contributions have undoubtedly given China a major assist in building and expanding industry much faster than would otherwise have been possible. However, China is having to send large quantities of produce to the Soviet Union annually and at the same time is giving economic and technical assistance to other Bloc and some Free World countries. Such outlays put a continuing strain on the nation's limited means.

PHYSICAL CHARACTERISTICS

Land area - China, with an estimated 3.8 million square miles of territory, occupies the dominant position in Asia.

Location - The domain of Mainland China extends from a temperate north to a subtropical south and borders on 11 nations in the Asian area, the most important of these being the Soviet Union on the north, India on the west, and the Indo-Chinese peninsula on the south.

Agricultural areas - The Tsinling Shan mountain range, running west to east roughly along the thirty-fourth parallel, divides the country into two general types of farming regions with sharply contrasting features. North of this mountain chain lies North China and Manchuria where the length of the growing season, rainfall, and soil types are favorable to wheat, kaoliang (a sorghum grain), and millet. To the south of the divide, soil and climatic conditions favor rice, tea, and cotton. This is not, however, a complete separation; many crops such as soybeans are grown to some extent in most every sector of the country. In general the western two-thirds of the country is unsuitable for farming because of the arid conditions, mountainous topography, and isolation from the population centers.

Arable land per capita - About .4 of acre.

Topography - Almost every known topographic feature can be found in the vast domain of China. Mountains, plateaus, and deserts where the land is too steep, too cold, or too dry to permit working take up much of the total land area. According to Wong, a Chinese geographer, mountains occupy an estimated 30 percent of the national area, plateaus 36 percent, hilly regions 9 percent, basins 15 percent, and alluvial plains 10 percent.

Estimates vary as to the amount of land that can be economically cultivated with the use of modern technology. About 15 percent of total area seems to be a reasonable estimate, of which more than 11 percent is already under cultivation. The most promising opportunities for increasing production lie in obtaining higher yields and growing more crops on the existing cultivatable acreage.

Climate - China's climate is controlled by the distribution of land and water, mountain barriers, altitudes, and cyclonic storms. In winter the air mass flows predominately from the frigid, continental interior of Asia, bringing cold and dry weather to the northern region, and occasionally the cold

penetrates well into the subtropical south with killing frosts that seriously damages growing crops. As a rule, however, the south is protected from the cold by the Tsinling Shan mountains.

During summer months air movements reverse direction and the prevailing winds blow inland. These air currents that develop over water are warm and laden with moisture. Rainfall is heavy and destructive typhoons occur frequently. In the south, east, and central areas, below the Tsinling Divide, annual rainfall ranges from 40 inches to about 74 inches. Precipitation diminishes rapidly toward the north and west. It averages 24 inches annually in the north China plains and Manchuria, and only 4 inches in the far west. For the country as a whole, rainfall is periodic and uncertain causing numerous droughts and floods that have often brought hunger and famine to millions.

Soils - China's soils separate into two major types on the basis of calcium content in the soil profile. Owing to the lower rainfall and the absence of serious leaching, the soils north of the Tsinling Divide and the Hwai River are calcareous and neutral-to-alkaline in reaction. South of the Tsinling Divide and where rainfall is heavy, soils are leached and contain aluminum and iron with a deficiency of calcium. The leached, acidic, compact soils of the south are most favorable to rice. The more porous, friable, and alkaline soils in the north are favorable to wheat. Within these broad types there is a great diversity of soil types and degrees of fertility. Soils are generally deficient in nitrogen and phosphorous, but except for some local areas, are well supplied with potash.

AGRICULTURAL PRODUCTION

Agricultural organization - Chinese peasants are in a transitional stage of organization with 700,000 collective farms being amalgamated into some 26,000 communes. Land and practically all other items of personal property have become communal property. The peasants receive income in the form of wages based on a labor-point system which pays the individual according to his contribution, taking into account the skills that the work requires and the amount of work performed.

Agricultural self-sufficiency - Agriculture is widely diversified. The wide range of climatic and soil conditions permits Chinese farmers to engage in practically every known crop and livestock enterprise to some extent. Under current policy the country is basically supplying its food and fiber needs--except for certain types of agricultural raw materials needed by Chinese industry--though at low levels by western standards.

Acreage and production of major crops - China is one of the world's foremost food and fiber producing countries. It ranks first in the production of rice, sweet potatoes, sesame, rapeseed, and tung nuts. It is the second largest producer of corn, cotton, soybeans, peanuts, and tobacco and ranks third in the production of wheat and tea.

Output of grain crops was officially estimated at 185 million metric tons in 1957. First official estimates for 1958 claimed that production had reached 375 million tons. This figure was later amended to 250 million tons. In 1959, production was claimed to have reached 270 million. A careful examination of weather reports and the many other factors that influence agricultural production has led outside observers to conclude that there is no firm basis for explaining either the great increases claimed for 1958 or the more modest increase claimed for 1959 with 1958 as a base. Indications are that 1958 production may have reached 200 million tons and 1959 most likely fell below that figure by 5 million to 10 million tons.

TABLE 1.--Principal crops: Sown area and production, 1958

Item	Sown area	Claimed production ^{2/}
	Million acres ^{1/}	Million m.t.
Rice.....	80.4	113.7
Wheat.....	65.4	28.9
Coarse grains and pulses ^{3/}	113.9	62.0
Sweet potatoes and other tubers...	40.1	45.0
Soybeans.....	24.1	10.5
Cotton.....	14.0	2.1
Peanuts.....	6.1	2.8
Rapeseed.....	6.1	1.1

1/ Acreage estimates are from Communist Chinese reports and are probably only rough approximations.

2/ Grain production figures are generally considered to be much too high.

3/ Includes such crops as corn, millet, barley, oats, kaoliang, field peas and broad beans--crops that the Chinese report under a single heading of miscellaneous grains.

Livestock industry - China has very little grazing area. Owing to the need for maximizing the number of food calories that can be grown per acre of land, grain production is heavily emphasized. The livestock industry, nevertheless, is a significant sector of the agricultural economy. While per capita production of meat is small, total production is relatively large. Pork and poultry account for the bulk of meat production, and in total output China ranks as one of the three leading pork producers in the world. Moreover, grain production is heavily dependent on draft animals as a source of power and animal manure provides an important source of organic fertilizer. In addition, and of vital importance to China's industrial drive, exports of live animals, meat, animal products, and poultry contribute a large and a significant source of foreign exchange earnings.

Irrigation - For irrigation water China depends on several sources, including numerous rivers and streams, underground water that can be tapped by wells, natural lakes, and man-built ponds which catch and hold surface or run-off water. The more important rivers in the country are the Yellow River in the north, the Yangtze in central China, the Pearl River in the south, and the Sungari in Manchuria.

The Chinese Government claims to have extended irrigation until 60 percent of all cultivated land is irrigated; however, Free World observers do not believe that this much effective irrigation has been completed. People, animals, and combustion engines provide the power for lifting and distributing the water, but human labor and animal power are the chief means. Large-scale, multi-purpose irrigation projects and power machines are being introduced slowly. Much of the irrigation is of the small-scale type that gives quick results and can be built cheaply with local resources.

Multiple-cropping - More than 40 percent of China's cultivable land, produces more than one crop annually.

Mechanization - Chinese farming methods and cultural practices emphasize intensive cultivation, with each plot of land farmed with meticulous care (much like gardening in the Western world). Only 4 percent of the land planted to crops was farmed by machinery in 1958. Mechanization is a long term objective of the regime, but the plentiful supply of cheap labor and the low industrial capacity of the country assure that present conditions will not be changed quickly.

FOOD CONSUMPTION

The Chinese government enforces a tight food rationing system. Grains, tubers (largely sweet potatoes), and soybeans provide about nine-tenths of the food consumed. Diets are especially deficient in sugar, fats and oils, and the protective foods such as milk, eggs and meat. The total number of calories consumed by the average Chinese per day appears to be around 2,000 or about 300 calories below the recommended standard set by the Food and Agricultural Organization for people of the Far East.

AGRICULTURAL TRADE

Traditionally, farm products and goods made from agricultural products have constituted about 75 percent of China's exports. In recent years, agricultural products as a percent of total exports have declined.

Major agricultural export items - China exports a wide selection of farm products including rice, soybeans, and other oilseeds, fruits and vegetables, eggs, tea, bristles, feathers, tung oil, and silk.

Major agricultural import items - Chinese authorities endeavor to keep imports of farm products to a minimum except for those items that are useful in manufacturing; cotton, wool and raw rubber fit into this category. Some sugar, and occasionally other minor food items, are imported.

Principal agricultural markets - More than half of China's foreign trade is with the Soviet Union and trade within the Bloc as a unit accounts for around three-fourths of the total. China is shipping large quantities of food and fiber to other members of the Bloc as payment for industrial supplies.

Among the many Free World areas trading with Communist China, Hong Kong, Japan, West Germany, the United Kingdom, the Federation of Malaya, and Singapore are some of the leading outlets. However, trade with Japan is now suspended, pending settlement of political differences between the two countries. The United States and China, competitors in world agricultural markets, do not trade with each other.

TABLE 2.--Free World Agricultural Imports from Communist China, 1954-58

Item	: : 1954	: : 1955	: : 1956	: : 1957	: : 1958
	:Mil.dol.	:Mil.dol.	:Mil.dol.	:Mil.dol.	:Mil.dol.
Live animals and meat.....	29.5	39.2	38.3	40.3	57.8
Eggs.....	27.7	26.7	30.1	31.5	38.2
Rice.....	43.8	40.8	57.5	29.3	82.1
Fruits and vegetables.....	38.6	44.3	44.7	55.8	59.1
Tea.....	16.0	25.9	24.0	23.6	29.4
Hides, skins, and fur skins.....	1.3	5.0	9.8	10.3	9.0
Soybeans.....	22.2	42.0	38.0	33.4	30.0
Other oilseeds.....	12.1	26.1	32.3	18.9	14.9
Silk.....	10.8	11.1	13.6	12.4	10.7
Wool and other animal hair.....	6.5	13.7	19.6	16.7	10.3
Bristles.....	9.9	14.8	8.4	7.7	9.6
Feathers.....	9.7	8.1	5.6	7.4	10.4
Other animal and vegetable	:	:	:	:	:
crude matter.....	25.9	26.6	29.3	29.9	29.3
Fats and oils.....	16.2	16.5	31.8	25.2	23.6
Other agricultural.....	19.8	17.3	24.4	23.9	34.2
Total agricultural.....	290.0	358.1	407.4	365.7	448.6
Other commodities.....	85.4	136.3	235.9	257.2	302.0
Total all commodities.....	375.4	494.4	643.3	622.9	750.6

AGRICULTURAL AND TRADE POLICY

Government policy in agriculture is to expand production initially by labor-intensive projects using local labor and materials to the greatest possible extent. Capital investment for the most part is being put into building heavy industry. Agricultural development plans and programs stress such measures as irrigation, increased use of organic and chemical fertilizers, seed improvement, closer planting, multiple cropping, and other improved practices intended to increase yields.

Trade policy - In general China seeks to exchange farm products, minerals and manufactured items for industrial supplies and equipment. Trade is oriented toward the Bloc, but trading and trade agreements are also sought with the Free World areas. The cost of producing the goods exported seems to have little importance if the Chinese Government needs the goods to be gotten in exchange, or sees an opportunity to gain some diplomatic or political advantage, or both.

NORTH KOREA

POPULATION

Total - 7,972,000 (estimated 1959)

Rural - 70 percent

Density - 170 persons per square mile

Annual rate of growth - 2 percent (estimated)

ECONOMIC SETTING

During the Japanese rule the northern half of Korea had undergone a moderate degree of industrialization, but much of this development was destroyed during the Korean conflict. Agricultural production suffered from the loss of a domestic fertilizer source, the depletion of the farm labor supply, the destruction of the transportation system, and other dislocations associated with the war.

Economic assistance - Since the end of the hostilities in 1953, reconstruction has largely dominated the economy. North Korea has required large amounts of economic and technical aid from the Soviet Union, Communist China, and to a lesser extent from some of the other Bloc countries. Outside aid has enabled the country to feed the people and to reconstruct. By 1960 the regime claims to have gone far toward rebuilding and restoring production. Current interest is focused on expanding production. These efforts to industrialize and to expand farm production are also relying heavily on technical and material assistance from other members of the Bloc.

Politically, North Korea is ruled by a conventional Communist-style government with power centered in the hands of the Communist Party. The usual Communist approach is followed. This includes the 5-Year Plans (production drives), austerity campaigns, guided resource use in production, and controls over the disposition of goods produced.

PHYSICAL CHARACTERISTICS

Location - North Korea lies north of the 38th parallel on the Korean Peninsula. It is separated from Communist China on the north by the Yalu and Tumen Rivers and borders South Korea along the 38th parallel to the south.

Area - 47,070 square miles or 30,125,000 acres.

Cultivated area - About 5 million acres (.6 acres per capita)

Topography - About 90 percent of the country is hilly or mountainous. Major mountain ranges run generally in a north and south direction, being steepest on the east coast and sloping more gently to the west along the southern half of the country. Lowlands along the coast and scattered river valleys comprise the country's best agricultural areas.

Climate - North Korea has a monsoon-type climate with local variation caused by the mountains. From November through March, prevailing winds from Siberia create a dry cold winter comparable to the Northern Plain states in the United States. During the summer the prevailing winds blowing inland off the sea are hot and humid. These winds bring approximately 80 to 85 percent of the rainfall. The yearly rainfall varies from about 20 inches in the northwest to over 55 inches in other parts. With local exceptions, the growing season of frost-free days is about 5 months.

Soils - Except for the valleys and flood plains of fine silt, sand, and gravel, the soils of North Korea are predominantly those formed from granite and other igneous rock being generally acidic and infertile. Heavy applications of chemical and organic fertilizers together with other good soil management practices are needed to produce satisfactory crop yields.

AGRICULTURAL PRODUCTION

Agricultural organization - By January 1959 the peasant population had been organized into 3,900 "cooperative units." Farmers were required to sell their major farming equipment and livestock, (draft and milk animals) to the organization. Farm families were permitted to keep only minor tools and small plots of land for raising vegetables, chickens, and pigs. These family plots are worked on the farmer's own time and the farm family is permitted either to keep or sell the produce. For assigned labor, workers are paid on a work-point basis, figured according to the type of skills required and the amount of work performed.

Principal crops - North Korea's temperature, climate, and soil types permit the growing of a wide selection of crops. Grain production in 1959 was reported at 3.4 million metric tons compared with 3.7 million tons in 1958. The 1959 decline, however, ran counter to a reported rising trend.

The leading food grain crops in order of importance are rice, millet, corn, sorghum, wheat, and barley. In addition to these six grain crops, small quantities of buckwheat, oats, and rye are also grown, but not in large enough quantities to figure prominently in total production.

Production of legumes, principally soybeans, plays a significant part in the area's agricultural economy. Both white and sweet potatoes are important food items. Also red beans and a wide selection of vegetables are grown throughout the country.

Fruit production consists mostly of apples; however, pears and peaches are also grown. Of the industrial crops, cotton, silk, tobacco, flax, and hemp are economically significant.

Livestock - Cattle, hogs, and sheep are the leading types of major livestock in North Korea. At the end of 1959 there were reportedly 711,000 cows, compared with 660,000 in 1958; 1,613,000 pigs, compared with 1,460,000 the previous year; and 180,000 sheep and goats, compared with 140,000 the year before.

The climate and geography of North Korea are favorable to livestock raising. Until recent years, the industry had been neglected. Announced plans and programs of the present government indicate that the authorities consider raising livestock worthy of promoting and measures are being taken to further the growth of the industry.

Irrigation - An abundant supply of water makes possible developing multipurpose installations for use in irrigation, flood control, and hydroelectric power. Japan constructed a number of dams and reservoirs in North Korea before World War II, but most of these were damaged or destroyed during the Korean conflict. The present regime is stressing repair of damaged facilities and construction of new ones. About 60 percent of rice paddy land is said to be irrigated by fairly modern facilities.

Mechanization - North Korea is striving to mechanize agriculture and reportedly is now able to farm about one-fifth of the sown area with machinery. Physical barriers to mechanization are being removed whenever possible to accelerate mechanization. Most equipment is imported from other Communist countries, but North Korea, assisted by the Soviet Union, reportedly is establishing a farm machinery manufacturing industry.

FOOD CONSUMPTION

Cereal grains make up a large part of North Korea's food crops. Rice is not as important as in the south but together with millet the two grains provide a large part of the calories consumed. Red meat is not a significant item in the diet, but seafoods are relatively plentiful. And the country produces considerable quantities of legumes for use as vegetable proteins. Vegetables and potatoes are grown extensively and fruits, except for tropical varieties, are available. Once recovery from the war damage is complete, the area should be able, in normal years, to provide a satisfactory diet, provided that population increases do not outstrip food production.

AGRICULTURAL AND TRADE POLICY

The basic goals in agricultural policy are summed up in the twin objectives of expanding production and simultaneously socializing agriculture. To achieve the first of these objectives, the regime is striving to introduce and expand the use of modern agricultural technology and cultural practices.

Such measures as repairing and expanding irrigation facilities, enlarging the cultivated area, and increasing the supply of commercial fertilizers are being emphasized. The second objective of destroying free enterprise by socializing agriculture is now virtually completed with collectivized farming having replaced a system of individual ownership of the means of production.

Foreign trade policy has been to integrate trade, almost exclusively, with other members of the Bloc. In 1958, the regime reported that 96 percent of the nation's foreign trade was with the Bloc. Communist China and the Soviet Union alone accounted for 70 percent. Major imports from the Bloc were coal, cotton, petroleum, fertilizers, and grains. Leading exports to the Bloc were ores and metals, fish, fruits, and wool and silk textiles.

In 1959 this policy appears to have been relaxed somewhat and trade with non-Bloc countries picked up. Trade figures for 1959, compiled from import data of Free World countries show shipments to North Korea valued at roughly \$3.9 million and purchases from that area amounting to approximately \$3.5 million. These amounts, though up significantly, were still unimportant relative to world trade totals.

In general, North Korea's exports to the Free World consist of farm products, minerals, and light manufactures sold to industrialized countries in exchange for industrial supplies and equipment.

NORTH VIETNAM

POPULATION

Total - 14.6 million (midyear 1958 estimate)

Rural - 90 percent

Density - 230 persons per square mile

Rate of growth - 2 to 3 percent annually (estimated)

ECONOMIC SETTING

North Vietnam is still in the throes of a social and economic revolution. As expected, the emerging economic and social pattern has taken on the unmistakable shape and identity of a planned and centrally controlled Communist state. The supply and distribution of resources required for economic development are limited, but compare favorably with similar areas in the region. Plans and programs for development are hampered, however, by the low educational level of the people, a shortage of technicians, and a deficiency of capital. These problems are further aggravated by drastic social changes pushed by the Communist regime.

Economic assistance - The Communist Bloc, and especially China, has contributed heavily in both financial and technical assistance.

PHYSICAL CHARACTERISTICS

Location - North Vietnam occupies the northeastern part of what was formerly French Indo-China. The area is bordered for a short distance on the south by South Vietnam, on the north by Communist China, on the west by Laos, and on the east by the Gulf of Tonkin.

Area - 63,390 square miles (40.6 million acres).

Cultivated area - 4.5 million acres, or about 11 percent.

Topography - Topographically the country contains a diversity of land forms. In the western part highlands predominate with mountain peaks reaching an altitude of more than 10,000 feet. Between the western mountain

ranges and the delta areas lies the middle region where the higher mountains give way to hills and more sloping land. Below the hilly regions are the flat coastal areas and the river deltas that form the main agricultural belt. Much of this lowlands area is no more than 10 feet above sea level and is subject to destructive floods and waterlogging.

All of the country falls within tropical latitudes. Two monsoon seasons with short transitional periods between the monsoons, along with the wide variation in altitudes, exercise a controlling influence over the country's climatic and weather conditions. Annual rainfall varies from 50 inches in some areas to more than 100 inches in other localities. Rainfall, though heavy, is uncertain and often comes at the wrong time for best crop-growing conditions. Drought, floods, and typhoons are not uncommon and are basic causes of the country's periodic food shortages. Except for the modifying effects of high elevations in the mountains, the temperature is generally hot and humid throughout the year.

Soils - Centuries of intensive land use without the benefit of modern cultural practices and chemical fertilizers has impoverished much of the nation's soil. Yields per acre are low compared with those of advanced agricultural countries.

AGRICULTURAL PRODUCTION

Producer organization - The existing land tenure and farm ownership pattern is rapidly being destroyed and replaced by collective ownership. The government has pushed this change as fast as economic and political circumstance would permit. By the end of 1959, it was claimed that over half of the farm families had been collectivized.

Agricultural self-sufficiency - At the present stage of economic development and with the current size of the population North Vietnam is basically self-sufficient in agriculture.

Principal crops - Rice is the mainstay of the nation's food supply and is cultivated intensively in the best agricultural lowlands area. A broad selection of other food crops are grown, however, including corn, soybeans, peanuts, yams, manioc, tea, coffee, and a wide variety of fruits and vegetables. Kenaf and cotton are the chief fiber crops.

Livestock and poultry - A significant livestock and poultry industry has not developed in North Vietnam. Production requisites are not available and the peasants have little knowledge of how to apply modern practices in selective breeding, feeding, and managing a livestock enterprise. Lack of modern medicines, inadequate sanitation measures, and the influence of climatic factors cause heavy losses in animals and poultry from diseases. A shortage of good grazing land has also retarded the growth of the livestock industry.

Irrigation - Irrigation and water control are looked upon by the government as a basic means of expanding production and at the same time achieving greater stability in agriculture by reducing the effects of floods and drought.

Multiple cropping - A tropical climate makes multiple cropping feasible on most of North Vietnam's better agricultural fields. A fifth-month and an eleventh-month harvest is obtained from a large part of the paddy land. Extending the double-cropped area is a top priority goal of the planning authorities. However, low yields caused by a lack of an adequate and reliable water supply, depleted soils, and shortages of chemical fertilizers hamper the extension of multiple cropping.

Mechanization - North Vietnam's farming methods are primitive. Farm power is, for the most part, provided by the use of human and animal energy, using simple hand implements and farm equipment drawn by draft animals.

FOOD CONSUMPTION

In normal seasons, the country apparently produces enough food to afford a sufficient number of calories to maintain the population. Starchy foods (cereal grains, yams, and manioc) make up a large part of the nation's food supply. For better balance and proper nutrition, more fresh fruits, vegetables, and animal proteins are needed.

AGRICULTURAL AND TRADE POLICY

Except for modifications to meet local conditions, the regime in North Vietnam is following closely in the footsteps of the Soviet Union and Communist China. The standard twin policy goals of expanding production by labor-intensive measures and simultaneously replacing the free-enterprise system of farming with a Communist system are being followed. The usual strict austerity measures, production drives, and striving for maximum investment capital accumulation are stressed as a means of paying for industrial expansion.

Foreign trade policy has followed the inner-Bloc trading concept as a means of establishing political and economic solidarity of the Bloc. However, the regime has shown some willingness to engage in trade with the Free World. Import statistics of Free World countries show imports valued at \$13.5 million in 1958. Agricultural imports, primarily rice, made up 42 percent of the total. Exports of coal accounted for the bulk of the nonagricultural items.

Statistics are not available for inner-Bloc trading activities but there is reason to believe that North Vietnam has shipped substantial quantities of rice and other products to Bloc countries in exchange for industrial items and in conformity with the general policy of inner-Bloc trading. But regardless of where the authorities choose to market or purchase, the country has for export only limited quantities of primary goods such as minerals, lumber, and agricultural products. Import needs are basically for manufactured items and materials for industrial construction. In terms of world trade totals, North Vietnam can only play a minor role.

Official Business

